

REMUNERATION COMMITTEE

Constitution

1. The Board hereby resolves to establish a Committee of the Board under powers conferred by article 96 of the Articles of Association of the Corporation to be known as the Remuneration Committee. This resolution supersedes all previous resolutions of the Board relating to the establishment, constitution and duties of the Remuneration Committee.

Membership

2. The Committee shall be appointed by the Board from amongst the independent Non-Executive Directors of the Corporation and shall consist of not less than two members. A quorum shall be two of the members.
3. The Chairman of the Committee shall be appointed by the Board but should not be the Chairman of the Corporation, although he/she may be a member of the Committee. In the absence of the Chairman, the Committee members first shall agree that one of them should act as Chairman for the purposes of the meeting.

Attendance at Meetings

4. The Chief Executive shall normally attend meetings but the Committee may decide to hold a meeting in the absence of the Chief Executive. Other independent Non-Executive Directors shall have the right to attend any meeting. Group company executive directors may attend Committee meetings at the invitation of the Chairman to contribute to its deliberations provided that they are not personally interested in the matter concerned. In particular, no Executive member shall be present when his/her own remuneration and benefits are being discussed.

Secretary

5. When so requested, the Company Secretary will act as Secretary of the Committee. In his absence, the Chief Executive or a Committee member will take the minute. The Company Secretary shall advise the Committee on the Group's compliance with the remuneration aspects of corporate governance, their remit, the requirements of the Corporation's Articles of Association, any statutory remuneration regulations, company law in general, the requirements of the UK Corporate Governance Code and any other obligations under the Listing Rules of the UKLA.

Frequency of Meetings

6. Meetings shall be held not less than three times each year: once in late December of each year, to consider the annual pay award to be made to the Executive (as defined in Appendix 1) and to consider the overall percentage increase for employees who are not members of the Executive. These awards are to be proposed by the Chief Executive in a written report giving consideration to and providing suitable details, including those items set out in Appendix 3; once in or about February each year to consider the level of the bonus pool that is to be calculated in accordance with the Corporation's

Remuneration Policy as most recently approved by shareholders; and once in February each year to consider and agree the form and content of the directors' remuneration report, including directors' remuneration, to be put to the shareholders for a vote at the annual general meeting. This meeting will also consider and approve recommendations by the Chief Executive for bonus awards to be made to the Executive in accordance with the Corporation's Remuneration Policy as most recently approved by shareholders. The Committee will also hold such additional meetings as it considers necessary to perform its duties, including without limitation taking decisions in accordance with the relevant Group wide incentive schemes.

Authority

7. The Committee is authorised by the Board to investigate any activity which it considers to be relevant to the carrying out of its duties. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
8. The Committee is authorised by the Board to obtain external independent professional advice at the Corporation's expense, to commission external studies aimed at establishing market position or exploring particular aspects of executive remuneration, and to secure the attendance of outsiders to attend upon the Committee with relevant experience and expertise if it considers this necessary.

Duties

9. The duties of the Committee shall be:
 - a) to review, agree and/or amend the recommendations of the Chief Executive as to the remuneration and Benefits (as defined in Appendix 1) of the Executive (other than the Chief Executive) annually and at such other times as it is requested to do so by the Chief Executive;
 - b) to review and agree the remuneration and Benefits of the Chief Executive annually;
 - c) to consider interim pay reviews in respect of any person who, although not a member of the Executive at the time of the proposed review, is to be promoted to become a member of the Executive;
 - d) to approve the remuneration and Benefits of any proposed new recruit who would, on recruitment, become a member of the Executive;
 - e) in close conjunction with the Chief Executive and other members of senior management, to formulate the Corporation's remuneration policy as required under the relevant regulations from time to time, to ensure that the policy is submitted for shareholder approval in accordance with the regulations, to prepare the annual directors' remuneration report for shareholders and to ensure that the remuneration of the Executive is based on performance, with suitable performance measurements. In particular, the Committee will determine targets for any performance related pay schemes operated by the Corporation;

- f) to maintain surveillance over all Executive Benefits, including bonus payments and the policies and strategy involved in those benefits and to make recommendations as appropriate.
- g) to consider, agree and/or amend every proposal to compensate an employee for termination of employment with a payment or package in excess of £50,000;
- h) to approve guidelines for the recovery of expenses;
- i) to consider and report to the Board on the establishment (and any determinations or waivers thereunder, including, without limitation, as to vesting and the establishment of all compliance with performance targets) of any remuneration scheme or arrangement, including any profit sharing plans, retirement plans, share award or option plans or any other similar arrangements, including compliance with the terms thereof;
- j) to consider compliance with (including, without limitation, any waivers with respect to) any employment arrangement, vesting of options or other incentive compensation for any member of the Executive;
- k) to consider and if thought fit, approve overall percentage figures for increases in salaries for employees who are not members of the Executive as proposed by the Chief Executive;
- l) to investigate or consider any other matter which the Board requests it to investigate and consider;
- m) the remuneration of non-executive directors shall be a matter for consideration by the Board consisting of the executive members of the Board, which shall make recommendations to the Board for approval;
- n) to the extent necessary, ensure that the Corporation's Remuneration Policy remains consistent with the requirements on remuneration stipulated in the FCA's FUND obligations on Alternative Investment Fund Managers; and
- o) to take all decisions that are necessary to implement the Corporation's Group wide incentive schemes in accordance with the respective rules of those schemes.

Reporting Procedures

10. The Chairman of the Committee shall report to the Board at appropriate intervals with a summary of the Committee's activities. The Committee will keep such record of its proceedings and decisions as it thinks appropriate.

Remuneration Principles and Remuneration Policy

11. Appendix 2 sets out the Corporation's current remuneration principles. Appendix 3 sets out the factors which the Chief Executive's recommendations referred to in 9(a) above should take into account. The Committee may from

time to time review and amend these Appendices, but any amendment should be reported to the Board at its next meeting.

APPENDIX 1

Definitions of “The Executive” and “Benefits”

The Executive shall mean all employees of any member of the Group who report or who will report directly to the Chief Executive

“Benefits” shall mean:

all types of remuneration including salary, bonuses, profit sharing, share options, pension contributions, and other incentives and employment benefits.

Remuneration Principles

1. Levels of remuneration should be sufficient to attract, retain and motivate the persons constituting the Executive needed successfully to run the Corporation and its subsidiaries, but not paying more than is necessary for this purpose.
2. The component parts of the remuneration packages and the benefit schemes for the Executive should be designed to encourage the Executive to meet the objectives of the Corporation and the Group.
3. There should be established a formal and transparent procedure for developing policy on Executive remuneration and for fixing the remuneration packages of individuals within the Executive.
4. The Corporation's annual report should contain an annual remuneration report containing all information required to be disclosed under legislation/good corporate governance practice, including details of the remuneration of each director of the Corporation.
5. The Executive should be fairly rewarded for their individual contributions to the overall performance of the Corporation and the Group.
6. Due regard should be given to the interests of the Corporation's shareholders and to the financial and commercial health and capability of the Corporation and the Group by these factors being taken into account in incentive packages.

Issues to be taken into account

- (a) A demonstration that the increase/decrease complies with the overall remuneration strategy of the Corporation.
- (b) A demonstration that in light of the particular business unit and the Group as a whole the award is affordable.
- (c) Full reasons to support the award to include:
 - (i) the provision of internal and external comparators;
 - (ii) the nature of the work being undertaken by the member of the Executive;
 - (iii) the range and weight of responsibilities held by the member of the Executive;
 - (iv) the performance of the individual member of the Executive in each case;
 - (v) the performance of any business unit under the Executive's direction, if applicable;
 - (vi) the contribution of the member of the Executive to the overall strategy, management and direction of the Group beyond the strict performance of his or her duties; and
 - (vii) any other pertinent factors.